

COUNTY COUNCIL  
13 February 2001

---

### **REVENUE BUDGET 2001-02 – COMMITTEE PROPOSALS**

#### **Purpose of this report**

1. Each service committee has received a report on its proposed budget for 2001-02, with a second report on the Social Services budget to the Policy and Resources Committee in January 2001.
2. This report summarises those budget proposals and compares them with the current approved Financial Plan, highlighting the difficulties for committees in preparing budgets within the allocated resources. It also identifies the resources available for services through specific grants and the change between 2000-01 and 2001-02.
3. Finally the report considers “where the money has gone” and identifies factors that may affect the budget in future years.

#### **County Council Financial Plan 2001-02**

4. In my report to Policy and Resources Committee on 16 January 2001, I provided a position statement reflecting the draft Revenue Support Grant (RSG) settlement and suggested that an increase in council tax of 7.9% might be below the Government's capping limits, providing spending on services of £304.690 million.
5. The Committee noted the possible criteria for capping in 2001-02 and the exemplifications of a 7.9% increase in the council tax. The Committee has recommended to the County Council to increase the provision in the financial plan as follows:

<b><u>Service</u></b>	<b><u>£ million</u></b>
Education	1.6
Environment & Transport	0.8
Social Services	0.5

#### **Committee Proposals**

6. Since committees considered, and made recommendations on, the budget proposals, the Policy and Resources Committee has made the additional allocations shown in paragraph 5. The new allocations are shown in Appendix A.
7. The recommendations of the committees are attached in Appendix B, including those of Policy and Resources of 16 January 2001. The paragraphs below summarise the main issues noted by the committees and the present budget position.

#### **Education Committee**

8. The Education Committee received a report on its budget at its meeting of 15 December 2000. It noted the proposed budget was £2.580 million above the allocation within the financial plan. The Committee wished to register its concern to the Policy and Resources Committee that despite the increase in SSA and specific grants, the funds are insufficient to meet all the Government's targets.
9. The report drew attention to the cause of budgetary difficulties being outside the Committee's control resulting from:
  - the net loss of adult education funding from the SSA, £0.588 million,
  - the need to provide places for additional pupils and new schools, £0.513 million.
  - the costs of the PFI scheme of £0.398 million, and
  - the recovery of the projected overspending of £0.600 million.

10. The additional resources of £1.6 million recommended by the Policy and Resources Committee will reduce the funding gap to £0.957 million.
11. The Policy and Resources Committee considered the allocation of resources to committees on 16 January 2001 and wished to draw to the attention of the Education Committee the apparent change in the balance of the Committee's budget. This would appear to have contributed to education spending being about £0.8 million below the Education SSA. The Education Committee was requested to take a broader review of the Library Service than that anticipated in the resolution of the Community Services Sub Committee on 10 January 2001.

#### Environment and Transport Committee

12. The Environment and Transport Committee received its budget report on 13 December 2000, which outlined the pressures facing the Committee and made requests for additional resources.
13. The Policy and Resources Committee recognised the problems facing this Committee in the additional allocation of £0.8 million.

#### Policy and Resources Committee

14. The budget for this Committee in previous years has been significantly affected by the levies for outside bodies, particularly from the Wiltshire and Swindon Fire Authority. However, for 2001-02 the provision within the financial plan has proved to be sufficient to meet the demands from these bodies. The major areas of change relate to the requirement to provide for the cost of elections, revised members' allowances and to increase the budget for capital financing to meet the debt charges that arise from the take up of capital approvals for the Local Transport Plan. These increases have been funded by the removal of the contribution to the cost of the Probation Service following its transfer to the new Probation Board, and the removal of the budget for Child Care Vouchers.
15. The budget for IT Strategy has been used to provide resources to committees to meet the costs of the new FM contract with Securicor.
16. Since the Committee's budget was presented in December 2000, the overspending on the Coroner's service has been recognised by the Policy and Resources Committee with a supplementary estimate having been approved for 2000-01. The increased costs have not been included in the budget for 2001-02 and therefore I recommend that an additional £0.060 million be added to the Committee's budget to meet this.

#### Social Services Committee

17. The Social Services Committee received a report providing a balanced budget at its meeting on 14 December 2000. This report outlined the demand on resources. In preparing the balanced budget the committee received a list of savings and the priorities for reinstatement; categorised as follows:
  - Could do £1.673 million
  - Could do with difficulty £1.236 million
  - Very difficult to achieve £1.476 million
18. The Social Services Committee reflected on the sufficiency of funds being made available from the Government and requested the Policy and Resources Committee to lobby for a more appropriate level of funding. This has been taken up by the Wiltshire MPs. The Committee also requested that the considerable difficulties and implications for service users are recognised and for the budget allocation to be reconsidered when further information is available from the Government in respect of specific grants.

19. An update report was received by the Policy and Resources Committee on 16 January 2001, that revealed additional cost pressures of £0.381 million, which were balanced by further staffing reductions. The specific grant for care leavers was reduced by the Government in the provisional settlement in December 2000, and the Policy and Resources Committee have recommended an increase in resources of £0.500 million to reflect this.
20. Elsewhere on the agenda I am recommending that £2 million additional resources need to be allocated to this Committee.

#### **Corporate funding and specific grants**

21. Before considering the detailed proposals of each of the committees and the recommendations from them, it is useful to consider how the Government is targeting resources to services through specific grants and the extent to which other agencies provide funding for services provided by the County Council. Appendix C shows the change in funding, from 2000-01 to 2001-02, provided from corporate resources and specific grants, and therefore the total spending on services.
22. The Education Committee will receive over £3 million more from Government funding in 2001-02 than in 2000-01. However, to lever in the grant the Committee has to find matched funding.
23. The Environment and Transport Committee receive revenue grant funding for transport schemes that require improvements to the existing service provision. No increase in these funds is anticipated for 2001-02.
24. The change in the Policy and Resources Committee grants reflects the transfer of the Probation Service to the new Probation Board, which will be funded directly by the Home Office in 2001-02.
25. The increase in specific grants for Social Services reflects the new Care Leavers grant.
26. Surprisingly, the overall increase in corporate and specific grant funding is very similar, 5% for corporate funding and 6% for grant funding. However, the appendix shows that some service areas attract significant targeted funding, while the demands in other areas are funded only from corporate resources.

#### **Where has the money gone?**

27. The financial plan noted by Policy and Resources Committee in January 2001 provides for spending of £302.190 million, an increase of £14.121 million from the budget for 2000-01.
28. So where has the money gone?
29. Appendix D provides an analysis of the cost drivers in each of the service areas in categories of:
  - Changes in service volumes
  - Changes in service quality
  - Changes in costs of services
30. The total of these cost drivers in each service is £22.451 million and reveals the extent to which services are required to find savings to balance their budgets.

#### **Commitments for Future Years**

31. The budgets for 2001-02 incorporate the last increase in the employer's pension contribution rates that arose from the last valuation of the pension fund. The next valuation is due in March 2001 and changes to contribution rates should be known when setting the budget for 2002-03.

32. The costs and resources for meeting E-Government targets are still unclear, although Central Government has earmarked £350 million nationally for local authorities over the next three years. The method of funding is not yet known and the implications on the council tax cannot be assessed until further details are available.
33. There may also be implications arising from entering the European Single Currency and the need to ensure all systems holding financial data are Euro compliant, including triangulation calculations. The costs of this are not known, but some experts are concerned that it may exceed the cost of Y2K compliance.

### **Summary**

34. The total spending available to each committee is influenced by Government initiatives and the allocation of specific grants.
35. Each committee has received a budget report and has presented a balanced budget, except for the Education Committee where the budget exceeds available resources by £0.957 million. It is reviewing the position at its meeting on 16 February 2001.
36. An analysis of the changes in spending by committees identifies the cost drivers and the reductions necessary to prepare budgets that meet the allocations to committees.
37. Overspendings from 2000-01 will be rolled over into 2001-02 and restrict resources available for service provision.
38. Three anticipated commitments in future years are noted above, although the impact on the budget cannot be estimated at this time.

### **Recommendations**

39. The County Council is asked to consider:-
- (i) the budget proposals by committees against the available resources;
  - (ii) an increase to the Policy and Resources Committee budget of £0.060 million in respect of the Coroner's service;
  - (iii) the passporting of the Education SSA and the apparent change in balance of the Education Committee's budget; and
  - (iv) the implications of the savings identified by the Social Services Committee in the three categories:
    - Could do
    - Could do with difficulty
    - Very difficult to achieve
- and an increase in its budget of £2 million.

DAVID CHALKER  
County Treasurer

---

Unpublished documents relied upon in the production of this report: NONE

Environmental impact of the recommendations made in this report: NONE

45/2001/WCC/IW